

Wholesale Fuel Distributors CT LLC.

February 22, 2011

Co-chair Paul R. Doyle
Co-chair Joseph J. Taborsak
Senator Kevin D. Witkos
Representative Rosa C. Rebimbas

Members of the General Law Committee:

My name Brent Coscia, I am a resident of West Haven and General Manager Wholesale Fuel Distributors CT LLC, I am here today in opposition of H.B. 5744, H.B. 5869, and H.B. 5871. All of these bill deal with banning zone pricing of gasoline.

For nearly 15 years this committee has entertained legislation that would ban zone pricing of gasoline. This year's version of that ban is very similar to previous years and should meet the same fate of its predecessors. The passage of a ban on zone pricing will only hurt small businesses and consumers who benefit from the flexibility that zone pricing gives to suppliers who discount the price of gasoline, not increase it as its proponents would have you falsely believe.

Zone pricing is an antiquated term that typically described how refiners sold gasoline to lessee dealers. In the last 15 years the market has changed and refiners are no longer the primary seller of gasoline to retail gasoline stations. Over the last few years Shell and ExxonMobil have sold their retail gasoline stations to their lessee dealers and jobbers. The result of many of these sales was a move to "rack plus" deals and away from Dealer Tank Wagon (DTW) pricing where zone pricing was allegedly applied.

Supply, demand, competition and costs dictate the price of gasoline at the wholesale and retail level. Passing laws that interfere in those basic economic principals would harm local family owned businesses and motorists who purchase fuel from them.

Banning zone pricing is a misguided attempt at price regulation and will have the opposite effect on prices than the authors intended. To interfere with hundreds of contractual agreements between suppliers and retailers is overreaching and dangerous.

For these reasons I ask this committee to reject H.B. 5744, H.B. 5869, and H.B. 5871. If you have any questions I would be happy to answer them at this time.

Respectfully,

Brent Coscia
General Manager

12
5744
5869
5871